

MILITARY MEMBER EDITION

SWCPOC

Trailblazer

Issue 6-01

Together Everyone Achieves More

Dec 2001

SPECIAL EDITION

TSP-U THRIFT SAVINGS PLAN PROGRAM FOR UNIFORMED SERVICE MEMBERS



ATTENTION all Army service members – Active Duty, Reserve and National Guard.

You are now eligible to participate in the Thrift Savings Plan for Military (TSP-U).

Headquarters, Department of Army, Deputy Chief of Staff for Personnel (HQDA, DCSPER) selected the Army Benefits Center - Civilian (ABC-C) to provide information and assistance to Army service members on this new benefit. The ABC-C is located on Ft Riley, KS. Later the ABC-C will provide adjudication services of member claims resulting from delayed personnel actions.

To find out more about this new program and for information on what you need to do to participate, you can call the ABC-C at 1-877-276-9287, select option "2" for military and a counselor can give you more information. You can also go to the TSP web site at www.tsp.gov and select any of the options from the category "Uniformed Services".

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Interesting Information on TSP-U

By participating in the Thrift Savings Plan for Military (TSP-U), you can enhance your retirement and save money on taxes at the same time. You may be thinking, "I just can't spare the money right now," or



"I'm too young to be worrying about retirement," but you really need to think twice about this opportunity.

The TSP-U offers many advantages. Here are just a few for you to consider.

- The sooner you start contributing, the sooner your money can go to work for you.

- You have the flexibility of contributing as little as 1%, or as much as 7%, of your basic pay - plus up to 100% of incentive pay or special pay, including bonus pay. You will also be able to contribute a higher percentage of basic pay in the future.



- Your TSP-U contributions are taken out of your pay **before** taxes are computed, so you pay less tax now.

- TSP-U earnings are **tax-deferred**.

- You can diversify your TSP-U investment among five different investment funds:

- Government Securities Investment (G) Fund
- Fixed Income Index Investment (F) Fund
- Common Stock Index Investment (C) Fund
- Small Capitalization Stock Index Investment (S) Fund
- International Stock Index Investment (I) Fund

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SPECIAL OPEN SEASON



Uniformed service members can enroll in the Thrift Savings Plan for Military (TSP-U) during a special open season that began on 9 Oct 2001 and will end on 31 Jan 2002.

You contribute to the TSP-U from your own pay, and the amount you contribute and the earnings attributable to your contributions belong to you. They are yours to keep even if you don't serve the 20 or more years ordinarily necessary to receive uniformed services retired pay.

The TSP-U offers the same type of savings and tax benefits that many private corporations offer their employees under so-called "401(k)" plans.



TSP-U FEATURES

- Interfund transfers
- Loans from your own contributions and attributable earnings while you are in service
- In-service withdrawals for financial hardship or after you reach age 59½
- Portable benefits and a choice of withdrawal options after you separate from the service
- The ability to designate beneficiaries for your account balance
- A web site with general account information
- Capability for requesting contribution allocations and interfund transfers
- Up-to-date TSP-U materials and information, and calculators to estimate account growth and annuity amounts.



WHAT KINDS OF PAY CAN YOU CONTRIBUTE TO THE TSP-U?



You may elect to contribute basic pay, incentive pay, or special pay (including bonus pay) to the TSP-U. You must contribute basic pay to be eligible to contribute incentive pay or special pay (including bonus pay). You may elect to contribute from basic pay, incentive pay, or special pay (*excluding* bonus pay) only during certain periods (e.g., during the special first open season, upon

becoming a member of the uniformed services, or during regular open seasons). You may make an election to contribute from bonus pay at any time, however.



If you are not receiving incentive pay or special pay (including bonus pay) when you make your TSP-U election, you may elect to contribute from these types of pay in anticipation of becoming entitled to them. If you make such an election, the election will take effect whenever you receive the specified type of pay.

If you have not yet made a TSP-U contribution election, but you expect to become eligible for bonus pay and want to contribute some or all of it to the TSP-U, be sure to make a basic pay election before becoming eligible for the bonus pay.

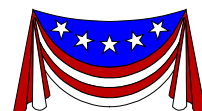
WHEN CAN I SIGN UP TO CONTRIBUTE?



If you join the uniformed services on or before December 8, 2001, you may elect to participate in the TSP-U during the initial open season that began on 9 Oct 2001 and will end on 31 Jan 2002.

You sign up to participate in the TSP-U by submitting a TSP-U Election Form (TSP-U-1) to your local Personnel Service Center, or electronically through the Employee/Member Self - Service System (E/MSS) at www.dfas.mil. You'll then click on the E/MSS button that is under "Money Matters".

Elections submitted before January 2002 will become effective the first full pay period in January; elections submitted during January will become effective no later than the first full pay period after your service accepts your TSP-U Election Form.



If you do not enroll during the initial open season, you may enroll in either of the two open seasons held each year. Currently, the open seasons are 15 May through 31 Jul and 15 Nov through 31 Jan.

If you joined the uniformed services after 8 Dec 2001, you will have 60 days after joining the service to enroll in the TSP-U. Thereafter, you may enroll during the semiannual open seasons.

For the purpose of making TSP-U contribution elections, you are considered to have joined the

uniformed services on the date you first became eligible (or became re-eligible if you rejoined following a break in service) to receive basic pay.



In that case, your contributions to the TSP-U will generally begin the first pay period after your service accepts your TSP-U Election Form, but not before the first full pay period in January 2002.

If you are a member of the Ready Reserve and are called to active duty for a period of more than 30 days, you may elect to contribute to the TSP-U (or change the amount of your contributions) within 60 days of your change in status.

If you leave active duty and enter the Ready Reserve, you may elect to contribute to the TSP-U (or change the amount of your contributions) within 60 days of your change in status.

If you rejoin the uniformed services after a break in service of 31 or more full calendar days, you can sign up to contribute to the TSP-U within 60 days of the date you rejoin. You are considered to have rejoined the uniformed services on the date you became re-eligible to receive basic pay.



If you rejoin the uniformed services after a break in service of less than 31 full calendar days and you were previously contributing to the TSP-U, your contributions will resume the first pay period after you rejoin the uniformed services. You cannot change the amount of your contributions until the next open season. To ensure that your contributions resume properly, you should tell your service that you were previously contributing to the TSP-U.

How Do I Stop My Contributions?



You can stop contributing to the TSP-U at any time by completing the appropriate sections of Form TSP-U-1 and submitting it to your local Personnel Service Center or through E/MSS. Your contributions will generally stop no later than the end of the pay period in which your service accepts the form. If you terminate basic pay contributions, you may no longer contribute from incentive pay, special pay, or bonus pay.

You may terminate contributions from incentive pay, special pay, or bonus pay at any time, yet continue

contributions from basic pay. If you stop contributing from basic pay, incentive pay, or special pay during an open season, you cannot start contributing again from that category of pay until the next TSP-U open season.

If you stop contributing from basic pay, incentive pay, or special pay outside an open season, you will not be able to start contributing again from that category of pay until the second open season following the termination.

You may restart bonus pay contributions at any time, provided you have a contribution election for basic pay in effect.

WHAT IS A CONTRIBUTION ALLOCATION?



To specify the way you want the contributions to your account to be invested among the five TSP-U funds, you must make a "contribution allocation." Your contribution allocation will apply to all future contributions as well as loan payments and transfers from other plans. It does not affect the money already in your account. (To change the way your existing account balance is invested, you must make an interfund transfer.



To specify the way you want your contributions to be invested, use the TSP Web site or the ThriftLine, or submit Form TSP-U-50, Investment Allocation, to the TSP-U Service. The first time you make a contribution allocation or interfund transfer, you must acknowledge the risk of investing in the F, C, S, and I Funds. The Web site and the ThriftLine are the most efficient ways of making a contribution allocation. Contribution allocations generally will become effective within two business days of the date the TSP-U receives your request.

All of your contributions will be invested in the G Fund until you make a contribution allocation on the Web site or the ThriftLine, or submit Form TSP-U-50 to the TSP Service Office.

DOES IT MAKE A DIFFERENCE WHEN I START CONTRIBUTING?



Yes, it does make a difference!

It's important to invest in your TSP-U account early in your career because the longer your contributions stay in your account, the more you stand to gain.

Your money makes money in the form of earnings, and those earnings in turn make money. This is what is known as the "miracle of compounding."

As money grows in your account over time, the proportion due to earnings will become larger compared to that due to contributions. Below is an example of how your money could grow:

Projected Account Balance of a Member Who Contributes 7% of \$26,000 Annual Basic Pay

Account Balance at Assumed Annual Rates of Return (Compounded Monthly)



Account Balance After:

	4%	7%	10%
5 Yrs	\$10,140	\$10,920	\$11,700
10 Yrs	22,360	26,260	30,940
15 Yrs	37,440	48,100	62,920
20 Yrs	55,640	79,040	115,180
25 Yrs	78,000	122,980	201,240
30 Yrs	105,300	185,120	342,940
35 Yrs	138,580	273,260	575,900
40 Yrs	179,140	398,060	959,140



HOW CAN I GET MORE INFORMATION ON THIS NEW PROGRAM?

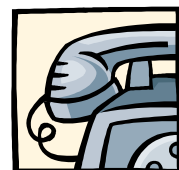
You can call the Army Benefits Center – Civilian at 1-877-276-9287, select option "2" for military and a counselor can give you more information. Or you can go to the TSP web site at www.tsp.gov and select

any of the options from the category "Uniformed Services".

You can also download the booklet "Plan Summary of the TSP-U for the Uniformed Services" from the TSP web site and the forms necessary for election and allocation.

The Thrift Savings Program does advise you, though, that the more you do electronically, the better it will be for you because elections can become effective quicker and allocations can be enacted faster, too.

So call now and start paying yourself first – you'll be glad you did when you retire. It's never too soon – and it's really never too late, either!



Your feedback is important to us.
Send comments or suggestions to:
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